

Exhibit 1

UNITED STATES DISTRICT COURT
WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

UMG RECORDINGS, INC., ET AL, :
Plaintiffs, :
 : Case Number:
vs. : 1:17-CV-00365-DAE
 :
GRANDE COMMUNICATIONS : Austin, Texas
NETWORKS, LLC, ET AL, : October 12, 2022
Defendants. :

TRANSCRIPT OF JURY TRIAL PROCEEDINGS
BEFORE THE HONORABLE DAVID A. EZRA
SENIOR UNITED STATES DISTRICT JUDGE

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1 Recording Industry Association of America, or RIAA, the trade
2 association for the recording industry.

3 As I started to say a moment ago, this case is about
4 the actions and, more importantly, the inactions of the
5 defendant, Grande Communications, in enabling a flood of
6 copyright infringement on its network and then refusing to play
7 a role in stemming that flood.

8 Grande is what's known as an ISP, or Internet service
9 provider. As the name suggests, an ISP provides customers with
10 high-speed broadband Internet service as well as some other
11 services such as TV and cable service. You may know them as a
12 cable company, but whatever it's called, it's a very highly
13 profitable business. And particularly the Internet component
14 of that business.

15 And as you'll hear at trial from their own witnesses,
16 Grande has an amazingly high profit margin on that Internet
17 service of up to 95 percent, a factor that played heavily into
18 many of Grande's worst decisions that resulted in this case.

19 What brings Grande to this court as a defendant is its
20 intentional decision to ignore a massive amount of copyright
21 infringement that it facilitated through this high-speed
22 broadband network; specifically, the illegal copying and
23 distribution of copyrighted song recordings -- sound
24 recordings. As you'll hear during the trial, Grande recognized
25 the importance of addressing this infringement, and for a

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JURY TRIAL PROCEEDINGS

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I N D E X

WITNESSES: PAGE**JONATHAN GLASS (videotaped deposition)**

By Mr. Howenstine 1967

By Mr. Thomas 1969

CHRISTOPHER SABEC (videotaped deposition)

By Mr. Brophy 1973

By Mr. O'Beirne 1974

BARBARA FREDERIKSEN-CROSS

By Mr. O'Beirne 1979

By Mr. Brophy 2005

JURY INSTRUCTIONS

By The Court (read by Alison Rogge) 2033

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1 given that Grande concededly never investigated the Rightscorp
2 system, never had any factual basis to conclude that any
3 notices were false. In fact, the trial record shows the only
4 thing they knew about Rightscorp was that its notices were at
5 issue at the Cox trial.

6 And at the same time as these events were going on,
7 the Boston-based private equity firm was selling Grande to a
8 new private equity firm and pocketing \$400 million in the
9 process. But the people involved in managing Grande, the
10 Patriot bigwigs like Mr. Holanda, Mr. Kramp, Mr. Murphy and
11 Mr. Feehan, all remained connected to Grande through the
12 management company, and each pocketed millions from the
13 transaction. So their willful blindness had paid off
14 handsomely.

15 But once the millions were safely in their pockets,
16 they realized that they still had to deal with the ticking time
17 bomb of its disregard for rampant piracy on its network. And
18 that after the Cox verdict, it couldn't continue without a DMCA
19 policy and certainly couldn't maintain its existing policy of
20 willful blindness of never terminating a single repeat
21 infringer, even those who had received over 10,000 notices.

22 So they announced a new DMCA policy in 2017, months
23 before this suit was filed. And that new policy exposes every
24 excuse and argument that you've heard from Grande in this trial
25 as a lie, that was manufactured after the lawsuit was filed.

1 And it goes beyond the labels to the entire music ecosystem.
2 Record stores close, pressing plants close, distribution
3 centers close, jobs disappear, artist royalties collapse, and
4 the revenues necessary for labels to invest in talent dries up.
5 We all suffer as a result.

6 Plaintiff's economic expert, Dr. Lehr, summarized the
7 research in the field and testified that virtually all the
8 research holds that the impact has been enormous.

9 Now, of course, Grande is not liable for all the harm
10 caused by this kind of piracy. But Grande did play a material
11 role in creating thousands and thousands of new unauthorized
12 download stores. And in this trial, Grande has not put forth
13 any evidence addressing the economics of piracy or its impact
14 on the music industry or attempting to rebut Dr. Lehr's
15 testimony in any way or any of the research on which it was
16 based, or the personal firsthand experience of the label reps
17 who have lived through this debacle in real time.

18 All they have done is to have attorneys hypothesize other
19 reasons for the implosion of the label's revenue base, but
20 those questions and speculation are not evidence, as well as
21 being wholly baseless.

22 Tracing Grande's profits from the infringement is also
23 difficult, but we do know that Grande has been extremely
24 profitable and that its revenues and profitability spike
25 noticeably once it opened the floodgates of unregulated piracy.

1 Not only did their financial results improve, but they were
2 able to increase the market value of the company during the
3 exact time they had a willful blindness policy by a remarkable
4 140 percent or \$400 million.

5 The next statutory factor relates to the circumstances of
6 the infringement. This deals with two separate points. One
7 again is the massive viral and anonymous nature of BitTorrent,
8 but the other is the critical role that an ISP plays in the
9 BitTorrent ecosystem.

10 As I told you during the opening, only an ISP can connect
11 the IP address obtained from a monitoring company to a specific
12 Grande subscriber and to take action against that subscriber.
13 Only the ISP can do that. No one else has that information.
14 Without active participation from an ISP, addressing piracy on
15 BitTorrent is simply impossible. But Grande has brazenly
16 stated that it has no duty to do anything in response to
17 infringement notices. But given its role in the BitTorrent
18 ecosystem, that position is illegal and, frankly, immoral and
19 Grande knows it.

20 Grande had a policy that recognized its responsibility to
21 address BitTorrent piracy before 2010. And Grande's 2017
22 policy recognizes Grande's obligation under federal law to
23 implement a reasonable repeat infringer policy. The problem
24 for Grande is that for the years 2010 to 2017, the years at
25 issue in this lawsuit, it admittedly had no policy. It had a

1 don't have to say it. They say it themselves. In Grande's
2 opening statement, they told you that you can decide whether
3 termination programs like the one Grande implemented are
4 necessary.

5 Well, Grande and the ISPs are the only party that can
6 police piracy on BitTorrent at all. And they are telling you,
7 you can free them from that obligation. While Grande's Texas
8 employees like Mr. Bloch and Mr. Fogle understand the role that
9 ISPs play in addressing BitTorrent infringement, Grande's
10 management and legal team firmly believe that the law doesn't
11 apply to them, despite the fact that the ISP is the only party
12 that can play that role. And despite the fact that the ISP is
13 providing the high-speed Internet necessary for the
14 infringements to occur in the first place.

15 This is a company that has made the intentional decision to
16 side with the infringers, to use its greed for additional
17 profits as a justification of trampling on the property rights
18 of the entire content ecosystem, from music to movies and
19 beyond. They need to be deterred and it needs to be a strong
20 message. And it will take a stiff award to deter Grande. Its
21 owners made millions turning a blind eye to infringement and
22 Grande has generated over a billion and a half dollars during
23 the relevant time period.

24 Not only have their revenues been substantial, but their
25 gross profit margins are growing and are now around 200 million

1 a year, and it's important to note that deterring Grande
2 doesn't mean deterring its Texas employees. It means deterring
3 the decision makers from the management company and the Legal
4 Department, the suits who set the policies.

5 That takes us to the final critical factor, the need to
6 deter others from infringing in the future. This case is not
7 just about Grande. The entire ISP community is watching.
8 They're getting direct reports from this courtroom. And a slap
9 on the wrist will be interpreted by the ISP industry as a
10 license to disregard evidence of piracy and to disregard the
11 rights of copyright owners just like Grande did.

12 My old friend Michael Elkin is sitting right there
13 representing Cox and watching this case right now. There are
14 reports going out in realtime, but even more importantly, the
15 corporate overlords that run Grande and make all their policy
16 decisions now run the sixth largest ISP in the United States
17 and are hoping for a verdict that allows them to turn off all
18 enforcement for all of these related companies.

19 They want to be able to simply turn a blind eye, to apply
20 their willful blindness standard to all of these companies.
21 This statutory factor lets you send a message to their general
22 counsel in the back of the room, Jeff Kramp, and the others who
23 oversaw the lawlessness of Grande between 2010 and 2017, that
24 not only Grande, but all of Astound, has to comply with its
25 obligations under the law and respect all property rights and

1 not merely its own.

2 So where does that leave us? With a defendant that has
3 clearly violated The Copyright Act, that knew of or was
4 willfully blind to specific infringements by its customers on
5 its network and that materially contributed to that
6 infringement; that did so willfully and intentionally and is
7 brazenly unapologetic about its conduct; that openly defends
8 infringers even when the infringers don't defend themselves.

9 This is not a mom-and-pop local company or a start-up.
10 This is a company run by magnates, big-money interest that
11 pocket the profits from the company and make all the legal and
12 policy decisions. They need to receive the strongest possible
13 message that their conduct is legally and morally wrong and
14 simply unacceptable.

15 So what are we asking for in damages? As you heard this
16 morning, The Copyright Act permits a statutory award between
17 750 and \$30,000 per infringed work. But if the infringements
18 are willful, as they clearly were here, that \$30,000 per work
19 cap lifts and you can award up to \$150,000 per infringed work.

20 You will decide the appropriate amount, but we submit that
21 given Grande's outrageous conduct, the award must be in the
22 willful category, that is north -- and we believe well north --
23 of \$30,000 per work. The willful and unapologetic, indeed
24 arrogant and aggressive posture that Grande's management have
25 taken, including blaming the victim and scapegoating anyone

1 no Spotify. This is just more of Grande's basis of beliefs
2 that it's okay to profit at the expense of others, to mock and
3 blame the victim when the property is being stolen, and to side
4 with those who steal it instead of respecting the owner's
5 property rights.

6 But let's contrast that with how Grande acts when its
7 own property is at stake. When users don't pay for service,
8 Grande terminates them. When bars show content that Grande has
9 an exclusive license for, Grande sends trucks to the bars to
10 shut it down. Grande's witnesses have consistently testified
11 that they believe that their intellectual property rights are
12 valuable and are aggressive in protecting them.

13 The bottom line is that Grande believes in property
14 rights but only when it applies to them. If it's someone
15 else's property and it's a benefit to them, they're happy to
16 look the other way.

17 Ultimately, this is a case of right and wrong, and
18 Grande's upper management and corporate overlords were clearly
19 unequivocally wrong. They abolished their repeat infringer
20 policy so they could reap the maximum revenue from the
21 explosion of piracy on BitTorrent. They pocketed the revenue
22 of willful infringers. They turned a blind eye to the
23 overwhelming evidence of specific infringement. They flipped
24 the company for \$400 million, pocketing millions individually
25 for all the people who made the decision to look the other way.